

## ABC Refinery (Australia) Pty Ltd

### Independent Limited Assurance Report

## Report on the Refiner's Compliance Report

William Buck ('We' or 'Our') have been engaged to provide an Independent Limited Assurance Report on the ABC Refinery (Australia) Pty Ltd's (hereafter referred to as 'ABC Refinery' or 'Refiner') Multi-Metal Combined Compliance Report (the 'Compliance Report') for the year ended 30 June 2021.

### The Scope of our Assurance

The assurance scope consists of the Refiner's Compliance Report.

### Our Opinion

In our opinion, the Compliance Report for the 12 months ended 30 June 2021, in all material respects, describes fairly the activities undertaken by the Refiner, during the year to demonstrate compliance, and management's overall conclusion contained therein, is in accordance with the requirements of the *LBMA Responsible Gold Guidance* and *Responsible Silver Guidance* (the *Guides*).

### Basis for Opinion

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements *ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board and the guidance set out in the *LBMA Responsible Sourcing Programme – Third Party Audit Guidance (Audit Guide)*.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in the *Audit Guide* to carry out the assurance engagement.

In conducting our engagement, we have complied with the applicable requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code).

### Responsibilities of Management for the Refiner's Compliance Report

Management is responsible for the preparation and presentation of the Compliance Report in accordance with the *Guides*. This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by management as relevant for demonstrating compliance with the *Guides* are the activities described within the Compliance Report.

#### ACCOUNTANTS & ADVISORS

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## **Auditor's Responsibilities for the Refiner's Compliance Report**

Our responsibility is to carry out a limited assurance engagement involving planning and performing procedures to obtain sufficient appropriate evidence to give limited assurance over the Refiner's Compliance Report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatements of the Report whether due to fraud or error.

In making those risk assessments, we considered internal controls relevant to the preparation and presentation of the Compliance Report in order to designed assurance procedures that are appropriate for the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Refiners internal controls over the preparation and presentation of the Compliance Report.

This report has been prepared for ABC Refinery for the purpose of assisting management in determining whether ABC Refinery has complied with the *Guides* and for no other purpose. Our assurance report has been prepared solely for the ABC Refinery in accordance with the terms of our engagement.

We do not accept or assume responsibility to anyone other than ABC Refinery for our work, or for the conclusions we have reached in the assurance report.

## **Inherent limitations**

Non-financial information, such as that included in the Refiner's Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information.

The methods used by Refiners to comply with the *Guides* may differ. It is important to read ABC Refinery's precious metals supply chain policy available on ABC Refinery's website [[www.abcrefinery.com](http://www.abcrefinery.com)].



**William Buck**  
Accountants & Advisors  
ABN 16 021 300 521



**L.E. Tutt**  
Partner  
27 September 2021



**Multi-metal Combined Responsible Gold Guidance (RGG)  
and Responsible Silver Guidance (RSG)  
Compliance Report 2021**

## Table of Contents

<b>PART A: INTRODUCTION .....</b>	<b>2</b>
<b>Multi-Metal Report .....</b>	<b>2</b>
<b>Refiner’s Details .....</b>	<b>2</b>
<b>PART B: RESPONSIBILITY .....</b>	<b>3</b>
<b>Commitment to Responsible Sourcing .....</b>	<b>3</b>
<b>Modern Slavery Statement .....</b>	<b>3</b>
<b>Active Participation and Corporate Responsibility .....</b>	<b>5</b>
<b>ABC’s Evaluation .....</b>	<b>5</b>
<b>PART C: LBMA RGG &amp; RGC COMPLIANCE .....</b>	<b>6</b>
<b>Step 1 – Establish strong company management systems .....</b>	<b>6</b>
1. Adopt a company policy regarding due diligence for supply chains of gold and silver .....	6
2. Set up an internal management structure to support supply chain Due Diligence .....	7
3. Establish a strong internal system of due diligence, controls and transparency over gold and silver supply chains, including traceability and identification of other supply chain actors .....	8
4. Strengthen company engagement with Gold and Silver-Supplying Counterparties and, where possible, assist Gold and Silver-Supplying Counterparties in building due diligence capacities.....	8
5. Establish a confidential grievance mechanism .....	9
<b>Step 2 – Identify and assess risk in the supply chain .....</b>	<b>10</b>
1. Identify risks in the gold and silver supplychain .....	10
2. Assess risks in light of the standards of their supply chain Due Diligence system .....	10
3. Report risk assessment to designated Senior Management.....	11
<b>Step 3 - Design and implement a management strategy to respond to identified risks .....</b>	<b>12</b>
1. Report findings to designated Senior Management.....	12
2. Devise a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk .....	12
3. Where a management strategy of risk mitigation is undertaken, it should include measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management .....	13
4. Undertake additional fact and risk assessments for risk requiring mitigation, or after a change of circumstances.....	13
<b>Step 4 – Arrange for an independent third-party audit of the supply chain due diligence .....</b>	<b>14</b>
<b>Step 5 – Report on supply chain due diligence .....</b>	<b>14</b>
<b>PART D: OTHER REPORT COMMENTS .....</b>	<b>15</b>
<b>Developments .....</b>	<b>15</b>
<b>Management Conclusion.....</b>	<b>16</b>

# PART A: INTRODUCTION

## Multi-Metal Report

LBMA established the *Responsible Gold Guidance*<sup>1</sup> and *Responsible Silver Guidance*<sup>2</sup> for Good Delivery Refiners to combat systematic or widespread abuses of human rights, to avoid contributing to conflict and to comply with high standards of anti-money laundering (AML) and combating terrorist financing (CTF) practice.

ABC Refinery (ABC) is accredited on the LBMA Gold Good Delivery List and compliant with the RGG. In addition, ABC is currently in the process of seeking accreditation on the LBMA Silver Good Delivery List and is already compliant with the RSG.

ABC's business comprises the refining of substantial volumes of both gold and silver. Operationally, ABC's gold refinery and silver refinery is conducted at the same proprietary facilities.

ABC has considered the requirements set out in each of the RGG and RGS (collectively, the Guides) and notes both the substantial commonality of requirements and also the divergences between the two Guides. This limited assurance report addresses both Guides collectively and, where relevant, addresses the two Guides individually.

## Refiner's Details

<b>Refiner's name</b>	ABC Refinery
<b>Location</b>	12 Meeks Road, Marrickville, NSW 2204 Australia
<b>Reporting year-end</b>	30 June 2021
<b>Senior Management responsible for report</b>	Sarah Bradley Group Legal and Compliance Officer

<sup>1</sup> LBMA Responsible Sourcing Programme – Responsible Gold Guidance V8, 11 December 2018.

<sup>2</sup> LBMA Responsible Silver Guidance V1, September 2017.

## PART B: RESPONSIBILITY

### Commitment to Responsible Sourcing

As the Australasian leader in responsible sourcing of ethical and Considerate® Precious Metal, ABC drives positive social and environmental change through its supply chain.

Being part of the group of LBMA accredited refineries who collectively refine 85-90% of annual world gold production, ABC is committed to sourcing gold and silver responsibly with respect for the environment, human rights, the wellbeing of our employees, suppliers and members of our associated broader communities.

ABC's suppliers are important guarantors of ABC's promise of quality and our success, and together, ensure that raw material is extracted in an ethical, considerate, transparent, and accountable way. ABC maintains continual dialogue with its suppliers who must also commit to ABC's policies and standards.

ABC applies strict due-diligence standards of anti-money laundering (AML) and combatting terrorist financing (CTF) that are reflected in ABC's Due Diligence Policy and AML/CTF Compliance Program.

The ABC Due Diligence Policy is drawn from domestic and international legislation, LBMA *Responsible Gold Guidance* and *Responsible Silver Guidance*, FATF RBA Guidance for Dealers in Precious Metal and Stones; the IMF Implementing AML/CFT Measures in the Precious Minerals Sector, EITI Principles and the OECD Convention of Combating Bribery of Foreign Public Officials in International Business Transactions.

### Modern Slavery Statement

As a global leader in responsible sourcing, ABC Refinery has a leadership role to play in demonstrating responsible behaviour in all aspects of its operations.

An important component of this is the upfront acknowledgement and shared understanding that modern slavery is a global issue and that it exists in many supply chains. ABC's position is that modern slavery is not an acceptable practice.

In the Reporting period, ABC (as part of the broader Pallion Group) welcomed and fully endorsed the passing of the *Modern Slavery Act 2018* (Cth)(Act) and submitted a Modern Slavery Statement to the Australian Federal Government, which is publicly available on the [Federal Government Modern Slavery Register](#)

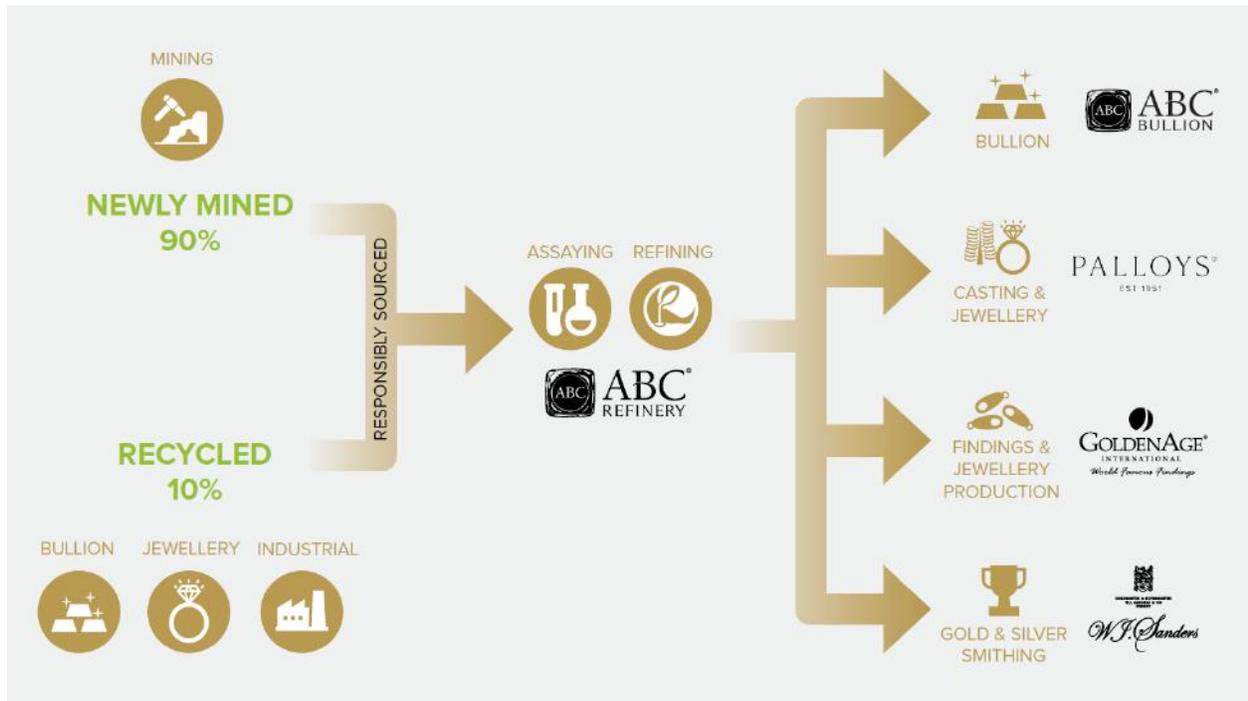
The Modern Slavery Statement provides the platform for open discussion of human rights due diligence, current practice and best practice recommendations. ABC is positive about the strong risk identification and management processes in place to eradicate modern slavery and – just as importantly – a willingness to continually learn, question and improve.

The management of modern slavery risks in ABC's operations is supported by numerous departments such as legal, governance, risk and compliance, finance, technology, human resources, work, health and safety and supply chain management including warehouse inventory, logistics and real property.

ABC recognises the crucial role of working with suppliers in addressing modern slavery to allow all to share information and best practice to overcome challenges. ABC takes a collaborative approach with its suppliers who undergo prequalification forms and who are requested to:

- sign and comply with ABC's Code of Business Ethics and Conduct for Suppliers;
- complete and sign a Modern Slavery Questionnaire; and
- undergo in-depth risk assessment which includes evidence of compliance with legislation, industry principles, global standards, and supplier policy documentation.

The majority of ABC's procurement spend is from within Australia and New Zealand, with the largest proportion of that amount being sourced from unrefined primary metal suppliers. Our external supply chain is summarised in the following diagram:



ABC also endorses internally recognized normative standards including the principles and guidance contained in the United Nations Guiding Principles on Business and Human Rights, United Nations Sustainable Development Goals, World Gold Council Responsible Gold Mining Principles, OCED Due Diligence for Responsible Sourcing of Minerals from Conflict-Affected and High-Risk Areas, RJC Standards and regional and local environmental legislation.

## Active Participation and Corporate Responsibility

ABC is committed to be a responsible corporate partner by contributing to a responsible and sustainable precious metals landscape.

Human Rights due diligence is a supply chain imperative. ABC holds stakeholders in our supply chain continuum responsible as to how they do business, ensuring there is not a trail of corruption and exploitation in their wake.

This is highlighted in ABC's Modern Slavery Statement which reports on due diligence measures put into practice and reports publicly on the effectiveness of ABC's modern slavery risk management framework and processes. This Statement forms part of ABC's annual reporting suite which also includes the 2021 Sustainability Report and annual LBMA Compliance Report.

The success of our team and associated communities are essential to our success and informs our staff training, public education initiatives, educational scholarships, and broader charitable commitments. ABC's cooperation with government authorities continues to be proactive and exemplary.

ABC supported the Minerals Council of Australia 'Minerals Week' held at Parliament House and attended by Federal Government Ministers, Senators and the Opposition leader. ABC presented Session 2: The Risks and Opportunities for Mining and Policy. This provided a leadership platform in driving federal policy change in the precious metals industry.

ABC continues to invest in Australia's future youth, especially during the COVID-19 pandemic. In the Reporting period, ABC celebrated the outstanding achievement of two (2) students from the University of New South Wales studying Metallurgy by sponsoring the 'ABC Refinery Material, Science & Engineering Award', which is a financial sponsorship to assist students with their educational costs.

## ABC's Evaluation

This report summarises how ABC complied with the requirements of the LBMA Responsible Gold Guidance and Responsible Silver Guidance during the reporting year-end 30 June 2021 for all types of precious metals sourced and incorporates the 5 steps of LBMA Responsible Sourcing Programme V8, 11.12.2018.

## PART C: LBMA RGG & RGC COMPLIANCE

### Step 1 – Establish strong company management systems

#### ***Compliance Statement with Requirement:***

ABC has complied fully with Step 1 – Establish strong management systems.

#### **1. Adopt a company policy regarding due diligence for supply chains of gold and silver**

#### ***Compliance Statement with Requirement:***

ABC has adopted a policy regarding due diligence for precious metals supply chains.

#### ***Comments and Demonstration of Compliance:***

ABC's Precious Metals Supply Chain Policy is consistent with the model set out in Annexure II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk areas<sup>3</sup>.

Supply chain risk management allows ABC to carry out its goals and operations knowing that risk is always possible but with the peace of mind in having established processes and procedures that assist in identifying, analysing and evaluating risks.

The supply chain risk assessment forms part of the ABC Due Diligence Policy. This policy recognizes the importance of ABC in addressing ethical sourcing within our own sphere of influence and the utilization of management systems to avoid all forms of modern slavery in our supply chain. This policy outlines compliance with high standards of anti-money laundering (AML) and combating terror financing (CTF) by monitoring and utilising a risk-based approach.

The aforementioned policies are reviewed and approved by Senior Management and are publicly available on the [ABC Refinery website](#).

Protection of the ecosystem of the supply chain forms part of ABC's environmental commitments. All suppliers are requested to provide environmental documents, which includes, but is not limited to environmental licenses and registrations, Mine Rehabilitation plans, Sustainability Report, Bushfire Mitigation Plans, Cyanide Management, tailings storage, environmental incident policies, general environmental policies and procedures and copies of regular environmental audits. These are verified to ensure the supplier is complying with applicable environmental laws and regulations

These supplier environmental commitments are additional to the Pallion Group [Sustainability Report](#) released each October and publicly available at [www.pallion.com](http://www.pallion.com) and [www.abcrefinery.com](http://www.abcrefinery.com).

<sup>3</sup> OECD (2016), OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Third Edition, OECD Publishing, Paris. Retrieved from <http://dx.doi.org/10.1787/9789264252479-en>.

## 2. Set up an internal management structure to support supply chain Due Diligence

### ***Compliance Statement with Requirement:***

ABC has set up an internal management structure to support supply chain Due Diligence.

### ***Comments and Demonstration of Compliance:***

ABC's best practice internal management system collects and maintains documentation regarding sources of Mined and Recycled Gold and Silver to ensure suppliers have not financed terrorism or contributed to conflict, nor participated in abuse of human rights or money laundering and ensures compliance with environmental and sustainability responsibilities.

#### **a) Accountability**

Responsibility for supply chain due diligence is assigned to the ABC Compliance Officer who:

- regularly reviews the effectiveness and performance of the overall supply chain due diligence process;
- communicates and manages processes with the support of front-line staff;
- reports to the Group Legal and Compliance Officer for all due diligence matters; and
- is a member of the Internal Compliance Committee (ICC).

All compliance and front-line staff have transparency over a live client database for ongoing monitoring and are accountable with respect to supply chain due diligence.

The ICC meet monthly and recommendations regarding resources necessary to support the operation and monitoring of the supply chain due diligence are immediately approved by the ABC Board of Directors.

The Group Legal and Compliance Officer (GLCO) is responsible for managing all policies, due diligence processes, collectively outlined in ABC's Due Diligence policies and AML/CTF Program. If during due diligence processes a material concern is identified this is immediately reported to the GLCO. If applicable, this concern is also discussed at the Internal Compliance Committee meeting and/or the Board.

Our Compliance Officer and GLCO are extremely competent, knowledgeable, and experienced in supply chain due diligence practices and processes. Collectively, their experience extends to over 30 years both within the precious metals industry, AML/CTF, modern slavery and the broader financial crime arena.

#### **b) Communication Process**

- ABC policy and process changes are communicated via email to all staff, and if required, further training is provided.
- The Compliance Officer and GLCO meet daily to ensure compliance with due diligence processes and procedures.

#### **c) Escalation Process**

- All due diligence material concerns are escalated to the GLCO. At this time, enhanced customer due diligence is conducted including discussion of the concern with the supplier involved. Sanctions are imposed after consultation with the Compliance Officer, GLCO, ICC and the Board.
- ABC is in daily/weekly contact with suppliers to ensure continual responsible supply of metal. Open and regular communication has resulted in no escalations during the reporting period.

**3. Establish a strong internal system of due diligence, controls and transparency over gold and silver supply chains, including traceability and identification of other supply chain actors.**

***Compliance Statement with Requirement:***

ABC has established a strong internal system of due diligence, controls and transparency over gold and silver supply chains, including traceability and identification of other supply chain actors.

***Comments and Demonstration of Compliance:***

ABC does not collaborate or partner with any business that has not first been considered through initial KYC due diligence investigation. This enables ABC to comprehensively understand where gold and silver has been sourced and considers suppliers affiliation with international agencies and reporting frameworks, policies and procedures relating to governance, social and environmental risks with a focus on human rights.

ABC undertakes KYC compliance checks pursuant to the AML/CTF Program which includes but is not limited to identifying the precious metal's origin. This is assisted by obtaining the mining licenses and GPS coordinates of suppliers which are verified with the relevant regulatory government body. This information, along with all due diligence information collected and verified, is shared on a live database visible to all relevant employees.

ABC has a transparent and robust supply chain traceability system which records and maintains supply chain information for each lot refined, including assigning a unique reference number to each input. These records are maintained for seven (7) years.

All metal received is visually inspected by the Compliance Officer, thereby providing an extra layer of control to manage risks in the supply chain. This has strengthened ABC's due diligence during the reporting period.

During the reporting period ABC reports there has been no escalation and as such there have been no necessary changes to the due diligence process.

ABC does not make or receive third party payments.

The Compliance Officer reports to Senior Management on all matters including the gold and silver supply chain and is responsible for continuous training of employees concerning our stringent due diligence and associated policies.

All ABC employees are regularly trained in accordance with ABC's AML/CTF Compliance Training, Communication and Training Policy, Code of Conduct and Due Diligence Policy to ensure due diligence guidelines are adhered to.

**4. Strengthen company engagement with Gold and Silver-Supplying Counterparties and, where possible, assist Gold and Silver-Supplying Counterparties in building due diligence capabilities**

***Compliance Statement with Requirement:***

ABC has strengthened company engagement with Gold and Silver-Supplying Counterparties and, where possible, assisted Gold and Silver-Supplying Counterparties in building due diligence capabilities.

***Comments and Demonstration of Compliance:***

All gold/silver counterparties are required to complete the ABC Refining Application as part of the KYC, AML/CTF and onboarding process. All ABC documentation includes an acknowledgement from Counterparties of their environmental and sustainability responsibilities. This encourages long-term relationships based on trust and mutual recognition with all suppliers. These relationships are further enhanced during customer on-site visits where expectations and guidance are communicated.

ABC counterparties are required to provide extensive information, including, but not limited to their business activity, origin/source of precious metals, responsible supply chain, AML/CTF Declaration and Bribery Policy. Responses are formally approved by senior management before a business relationship is commenced.

ABC requires counterparties to adhere to their own due diligence policy to ensure that ABC's due diligence requirements are maintained along the supply chain. We regularly engage and educate our counterparties on responsible gold and silver sourcing including the implementation of relevant domestic and international initiatives such as the International Council on Mining and Metals (ICMM) governance framework. Counterparties who have been unable to wholly satisfy ABC's due diligence process are not approved to trade with ABC or its associated entities.

ABC applies a strict Application and KYC process which includes at a minimum, an assessment of the supplier's compliance with labour policies, health and safety policies, environmental and sustainability policies and legislation, supplier code of conduct, social and governance policies, financial records, governmental reports including compliance / non-compliance with taxes, fees and royalties due, bribery and/or fraudulent misrepresentation of the origin of metal. Further AML/CTF verifications are conducted on application and on an ongoing basis including but not limited to media checks, domestic and international criminal sanction checks, PEP checks, thorough and detailed UBO checks.

During the Reporting period ABC communicated to its Suppliers:

- ABC's sustainability efforts and commitments in the 2021 Pallion Sustainability Report; and
- ABC's undertakings and commitment to ensure that a robust framework and processes are in place to minimise the risk of modern slavery in its operations and supply chain in the publication of the Modern Slavery Statement.

## **5. Establish a confidential grievance mechanism**

### ***Compliance Statement with Requirement:***

ABC has established a confidential grievance mechanism.

### ***Comments and Demonstration of Compliance:***

ABC encourages open communication between all stakeholders. In the event of a complaint, grievance, allegation or suggestion, ABC promotes a proactive and common-sense approach to dealing with the issue.

ABC emphasizes the necessity of dealing with grievances in terms of the potential seriousness of the grievance rather than based on the category of person who has the grievance. This means that all are treated on equal terms.

All information submitted is treated discreetly, strictly confidential, and as efficiently as possible. All reports are assessed by the Group Legal and Compliance Officer, and if required, are reported to the Board.

As ABC maintains open and regular dialogue with all stakeholders, no concerns were raised during the Reporting period.

## Step 2 – Identify and assess risk in the supply chain

### **Compliance Statement with Requirement:**

ABC has fully complied with Step 2 - Identify and assess risks in the supply chain.

### **1. Identify risks in the gold and silver supply chain**

#### **Compliance Statement with Requirement:**

For Mined Gold and Silver, and Recycled Gold and Silver, ABC identifies and assesses risks in accordance with Annex II of the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk areas* (OECD DDG)<sup>4</sup>.

#### **Comments and Demonstration of Compliance:**

ABC's due diligence employs a proactive risk-based approach and follows its Considerate® Precious Metals Sourcing Policy from the point of origin to ABC. The material pillars of Considerate® Precious Metals are collaboration, procurement, environment, community and local economies, technology and innovation. ABC understands that there are inherent risks in international supply chains and chooses to partner with organisations in jurisdictions that require rigorous corporate governance. This approach reduces ABC's exposure to risks such as human rights, modern slavery and environmental risks that are common within the mining and resources industry.

Every supplier is assessed according to ABC's risk profile criteria and associated KYC and AML/CTF requirements outlined in the ABC AML/CTF Program. ABC requires its suppliers commit to and acknowledge in writing, compliance with ABC's Supply Chain Policy consistent with Annex II of the OECD DDG and environmental, sustainability legal requirements. This is a formal requirement before ABC enters any business relationships.

Fair treatment of suppliers and their representatives, without prejudice or bias and open and fair competition are core principles of how ABC manages its supply chain. Suppliers are evaluated on a weighted matrix of financial and non-financial criteria which include geography, environmental, safety, sustainability, company culture and ability to meet statutory requirements such as licenses, permits and relevant standards.

When evaluating gold-supplying counterparties ABC's Compliance Officer assigns a risk rating to each potential supplier using a risk matrix. This is inclusive of the entire supply chain and accordingly ABC works with the leading high security transportation and logistic companies who adhere to the OECD DDG and its Supplement on Gold.

### **2. Assess risks in light of the standards of their supply chain Due Diligence system**

#### **Compliance Statement with Requirement:**

ABC assesses risks in light of the standards in our supply chain Due Diligence system.

#### **Comments and Demonstration of Compliance:**

In the reporting period, ABC Refinery did not identify any high risks in the supply chain.

ABC is aware a supplier is located in a high-risk area, however, the supplier's commitment to due diligence with ABC Refinery is aligned with the OECD guidance which is evidenced through continual engagement with the supplier and intermediaries along the supply chain.

<sup>4</sup> OECD (n 10) 61.

ABC's supply chain Due Diligence follows a risk-based approach before entering any business relationship, which is ongoing throughout the relationship.

As outlined in the AML/CTF Compliance Program, ABC's assessment of risk in the supply chain begins with the origin of the gold and silver, identifying the beneficial owners, obtaining business and financial details and information on the purpose and intended nature of the business relationship.

ABC predominantly sources precious metals from mined and recycled supply chains in Australia and New Zealand from low-risk suppliers, and as such on-site visits are regularly conducted.

ABC does not source from artisanal mining supply chains or specifically, World Heritage Site areas and confirms that no artisanal or world heritage site material was received in the Reporting Period.

ABC's Compliance Officer monitors government regulations and utilises online resources from the United Nations, OECD, FATF, domestic and international Governments and other extrinsic material to keep informed of precious metal supply chain risks. The results are then evaluated, discussed at ICC meetings and assist in the further identification and assessment of risks in the supply chain. As required, ABC's policies and practices are updated and subject to Senior Management approval.

### **3. Report risk assessment to designated Senior Management**

#### ***Compliance Statement with Requirement:***

ABC reports risk assessments to designated Senior Management members.

#### ***Comments and Demonstration of Compliance:***

Senior Management retains the ultimate control and responsibility for the gold and silver supply chain and provides final approval in respect of all business relationships. The initial risk assessment is conducted by the Compliance Officer.

Only Senior Management may approve a supply chain deemed as "high" or "extreme risk" and annually reassesses the decision whether to continue the business relationship. Senior Management will review high-risk suppliers monthly.

ABC does not have any suppliers classified as 'high' or 'extreme risk'. All ABC suppliers are currently classified as 'low risk'.

Senior Management selects and supervises the Compliance Officer and provides the necessary means to perform its duty.

### Step 3 – Design and implement a management strategy to respond to identified risks

#### ***Compliance Statement with Requirement:***

ABC has fully complied with Step 3 – Design and implement a management strategy to respond to identified risks.

#### ***1. Report findings to designated Senior Management***

#### ***Compliance Statement with Requirement:***

The Compliance Officer reports findings to Senior Management when an actual or potential risk is identified.

#### ***Comments and Demonstration of Compliance:***

ABC's supply chain and client due diligence policies require proactive management of potential risks in the supply chain. The Compliance Officer oversees the due diligence process with the support of the Internal Compliance Committee (ICC).

As a member of the ICC, the Compliance Officer reports on supply chain due diligence monthly. No risks were identified in the Reporting Period.

Senior Management retains the ultimate control and responsibility for the supply chain. Where appropriate, the Compliance Officer reports information gathered and actual and potential risks in the supply chain to Senior Management to decide whether to continue "high" or "extreme risk" business relationships.

#### ***2. Devise a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk***

#### ***Compliance Statement with Requirement:***

ABC's Monitoring and Risk Management Policy outlines the strategy for risk management of an identified risk by either (i) mitigation of the risk whilst continuing to trade, (ii) mitigation of the risk by suspending trade or (iii) disengagement from the risk.

#### ***Comments and Demonstration of Compliance:***

ABC continues to comply with 'AUSTRAC'<sup>5</sup> regulations in the Australian jurisdiction. All domestic legislation and regulations are applied to the ABC compliance measures as detailed in the 2021 Compliance Report. The ABC Compliance Officer and ICC continue to remain updated on domestic and international legislative and Industry amendments.

If ABC's due diligence is not fully satisfied, or results or concludes that there is money laundering, terrorist financing, serious human rights abuse, bribery, direct or indirect support to illegitimate non-state armed group, fraudulent misrepresentation of the origin of the precious metals, noncompliance of taxes/fees and royalties to government, or material breaches of environmental or health and safety legislation, the risk strategy to be adopted shall be determined after the ICC conducts an investigation to determine the protocol and strategy.

During the Reporting Period, ABC complied with the risk management requirement effectively to respond to any identified risk.

<sup>5</sup> Australian Transaction Reports and Analysis Centre - Australian Commonwealth Government regulatory body.

**3. Where a management strategy of risk mitigation is undertaken, it should include measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management**

**Compliance Statement with Requirement:**

ABC maintains a strategy of risk mitigation facilitated by measurable steps to be taken, monitoring of performance, periodic reassessment of risk and monthly reporting to senior management.

**Comments and Demonstration of Compliance:**

At the core of ABC's culture is a philosophy of risk assessment, evaluation, monitoring, minimization and control. All staff and counterparties in the supply chain commit to our Due Diligence Policy and Monitoring and Risk Management Policy.

ABC's principles of risk mitigation that underpin our good faith with suppliers, is to de-risk before we disengage. We offer meaningful suggestions of supply chain improvement for suppliers and prioritize this course before any other.

ABC's procedure for risk management is applied strictly and all medium and high-risk Customer Incident cases are monitored regularly. When adopting the mitigation of the risk while continuing to trade approach, ABC employs a strategy that includes qualitative and or quantitative indicators which measure improvement together within a reasonable deadline communicated to the Customer. If ABC adopts the mitigation of the risk while suspending trade approach, ABC suspends refining gold and silver from the customer until it can obtain additional information confirming or refuting the preliminary assessment. Finally, when ABC adopts the disengagement from the risk approach, ABC immediately stops refining gold and silver from the customer.

If ABC adopts the aforementioned measures and is unable to demonstrate progress within six months from the adoption of the risk management plan, ABC will disengage from the risk and cease dealing with the customer.

No measurable steps of our suppliers were required to be taken during the Reporting Period for gold and silver.

**4. Undertake additional fact and risk assessments for risk requiring mitigation, or after a change of circumstances**

Following the implementation of a risk mitigation strategy, the ICC considers whether ABC should repeat due diligence steps or consider other measures as appropriate. This ensures effective mitigation and management of risk. The Compliance Officer consults Senior Management regarding this process.

#### Step 4 – Arrange for an independent third-party audit of the supply chain due diligence

***Compliance Statement with Requirement:***

ABC has complied fully with Step 4 - Arrange for an independent third-party audit of the supply chain due diligence.

***Comments and Demonstration of Compliance:***

ABC has engaged the services of the assurance provider William Buck Chartered Accountants (William Buck), Sydney, Australia, for a multi-metal report on Gold and Silver (voluntary). William Buck is listed on the LBMA Approved Service Providers List and use *ASAE 3000* which is the Australian aligned standards to *ISAE 3000 Assurance Engagement*.

After successfully passing the 2020 year LBMA Annual Review without any Medium, High-Risk or Zero Tolerance non-compliances, ABC is again subject to a limited assurance review for the Reporting Period. The audit report is sent to the LBMA Chief Executive via email within three (3) months of our 30 June financial year end annually.

ABC will publish the independent assurance report on our website [www.abcrefinery.com](http://www.abcrefinery.com) when available.

#### Step 5 – Report on supply chain due diligence

***Compliance Statement with Requirement:***

ABC complied fully with Step 5 - Report on supply chain due diligence.

***Comments and Demonstration of Compliance:***

ABC reports publicly on its gold and silver supply chain due diligence policies and practices, with appropriate regard for security, proprietary information and the legal rights of the other supply chain actors, as evidenced by the compliance material available at [www.abcrefinery.com](http://www.abcrefinery.com).

The ABC 2021 Compliance Report will be made available on the ABC Refinery website.

ABC will submit a Corrective Action Plan when there is a Medium / High-Risk / Zero Tolerance non-compliance and/or ABC fails to satisfy one or more of the requirements as set out in Steps 1 to 5 of the LBMA Responsible Gold Guidance.

## PART D: OTHER REPORT COMMENTS

### Developments

#### ***Environmental, Social and Governance (ESG)***

ABC continues to hold itself to the highest ethical and responsible standards. Our approach to sustainability is underpinned by the Sustainability and Responsibility Charter which is managed, monitored and reviewed by the Sustainability and Responsibility Committee. The Board is ultimately responsible for all environmental, social and governance related risks, and they delegate operational control to senior managers throughout the business.

The Pallion Group's second sustainability report, Considerate® Precious Metals, was released within the reporting period in accordance with the Global Reporting Initiative (GRI) Core Guidance. The Considerate® Precious Metals Report documents our environmental, social and governance initiatives in for the reporting period and is published annually.

Throughout the reporting period ABC delivered a number of initiatives to ensure the environmental impacts of the refinery's operations are mitigated. These included the implementation of ChemAlert, a chemical safety management system, specialist training for all employees that work with toxic chemicals such as cyanide and chlorine and continued use of Acid-less Separation Technology that greatly reduces refining operational emissions.

During the next reporting period, ABC will employ a dedicated ESG Lead to ensure ESG sits within its core strategy.

#### ***COVID-19***

During the Reporting Period, the COVID-19 pandemic continued globally including in Australia.

ABC immediately implemented all necessary steps and engaged responsibly with our suppliers to ensure that our seamless supply chain was not impacted. We introduced measures to protect our employees, their families, and our associated communities. By adapting our practices, this also supported those actors including our logistics and supply partners.

Our internal policies reflect the mandatory legislative measures installed. All production facilities continue to operate as usual through this pandemic, as our multi-site model provides built-in contingency to ensure continuity of production. We have implemented multi-segregated shifts to ensure the safety of our team and after consultation with our logistics partners, we ensure all physical precious metals are collected and dispatched without direct human contact.

We continue to exceed the latest guidance requirements from the Australian Department of Health and WHO and have introduced extensive health and safety protocols including, but not limited to, mandatory employee COVID-19 testing, providing unlimited supply of masks and daily medical screening to all employees, enhanced cleaning and hygiene practices, increased food safety, social distancing of workers, remote working facilitated by purchased laptops and the increased reliance on technology such as virtual meetings. Non-essential visits to ABC by external parties are limited and visitors are required to comply with our strict hygiene policy including sanitation, temperature testing and mask usage.

## Management Conclusion

This ABC Refinery Multi-metal Responsible Gold Guidance and Responsible Silver Guidance Compliance Report 2021 demonstrates our veritable compliance over the reporting period to the LBMA Responsible Sourcing Program.

The LBMA RGG and RSG form the foundation of ABC's commitment to a 100% transparent ethical supply chain. As a result, ABC maintains a strong culture of compliance with effective high standards of anti-money laundering and combat terrorist financing practices.

The strength of ABC Refinery's reputation is based, not only on our conduct, but also on the actions of those with whom we have a business relationship. For that reason, ABC will continue to work only with third parties who share our values and reflect the same high ethical standards. If users of this report wish to provide any feedback to ABC, please contact ABC's Compliance Officer on [compliance@abcrefinery.com](mailto:compliance@abcrefinery.com).

Sarah Bradley

**Group Legal & Compliance Officer**

Pallion Group

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